

VERMONT ECONOMIC PROGRESS COUNCIL

Economic Advancement Tax Incentive

Annual Activity Report

**CALENDAR YEAR
2009**

ECONOMIC ADVANCEMENT TAX INCENTIVES ACTIVITY REPORT

INTRODUCTION:

This Activity Report is designed to gather information on economic activity that has taken place as a result of a business being approved for tax incentives under the Economic Advancement Tax Incentive (EATI) program. Completion of the Activity Report is required by statute (Title 32, Chapter 151, Subchapter 11E, Section 5930a(1)(1)). The information will be used to evaluate the overall impact of the program. This Activity Report is also designed to assist the VT Department of Taxes to determine the company's compliance with the performance expectations that were part of the tax incentive authorization. If the Department of Taxes cannot determine compliance with a performance expectation, or if an expectation has not been reached, the Department will request a review by VEPC. You must also file the appropriate 5930 tax schedules for these tax credits with the company's Vermont income tax return in order to report earned tax credits to the Department of Taxes and appropriate 5930 forms to allocate credits to shareholder's owners.

All information contained in this report is confidential. Information compiled from responses will not be disseminated in a manner that allows for recipient identification. This information is vital for the EATI program to report aggregate impact and to continue to function successfully.

This Activity Report contains four sections. Section I is to verify information on the business that may or may not have changed since the company was authorized for credits or since your last report. Section II is to capture data on the activity that occurred in relation to the authorized tax incentives so as to compare that activity to the application that led to the authorization of the tax incentives and the performance expectations that were issued to the taxpayer. Section III contains questions about your economic activity related to the incentives authorized and Section IV contains questions to be answered in narrative form to measure continued compliance with the nine program guidelines. *All* sections must be completed by all companies.

Thank you for your time and effort in filling out this critical document.

General Instructions:

1. This Activity Report should be completed by a representative of the enterprise familiar with the financial aspects of the enterprise as well as its participation in the EATI program.
2. For the purpose of this Activity Report, an enterprise is defined as the legal business entity for whom the tax incentives have been authorized. Only the activity of that entity should be included in the report.
3. "New Jobs" are defined as full-time (working 37 hours or more), and not including jobs or employees transferred from an existing business in the state or replacements for vacant or terminated positions..
4. Financial information should be reported in thousands of dollars (000s) or to the dollar, as indicated in the report.
5. Please type or print clearly.
6. You must file the report with VEPC and the Department of Taxes.
 - To file the report with VEPC, mail to the address below or provide electronically to fred.kenney@state.vt.us. If sent electronically, you **must scan in or mail in the signature page**.
 - To file the report with the Department of Taxes, file it as part of your company's Vermont income tax return.
7. The report is due when you file your Vermont income tax return, including any extensions granted.
8. To report earned credits, you must also complete and file the appropriate 5930 tax schedules with your State of Vermont tax return to the Department of Taxes.
9. **COMPLETE ALL SECTIONS OF THIS REPORT.**

If you need additional assistance, please contact:

Fred Kenney, Executive Director
Vermont Economic Progress Council
One National Life Drive
Montpelier, VT 05620-0501
Telephone: (802) 828-5256 Fax: (802) 828-3383
Email: fred.kenney@state.vt.us

SECTION I. ENTERPRISE INFORMATION

Please provide the following information concerning the enterprise that was authorized for the incentives. If any of the following information is new (ie new company name), since you were awarded credits or last reported, please explain the change.

1. Enterprise name:
2. Enterprise **primary** 6-digit North American Industrial Classification System (NAICS) Code:
3. Enterprise contact information:

Name:

Title:

Mailing Address:

Phone (include extension):

Fax number:

Email:

4. Location of project (Street address or other description):
5. Enterprise Federal ID Number:
6. Enterprise Vermont Business Account Number:
7. Enterprise corporate structure (i.e. C, S, LLC etc):
8. To insure consistency of data reporting, please confirm that for 2009, the entity operated on a calendar fiscal year (Jan – Dec):
YES_____ NO_____ **(If no, please contact VEPC immediately.)**

SECTION II. ENTERPRISE ACTIVITY

1. **Incentives Earned:** Provide the following information about tax credits earned to date, if applicable. Credits “earned” refers to the amount of credit earned in each category as a result of an eligible investment in that category. The amount of credits actually applied against your tax liability may be different.

INCENTIVE CATEGORY	TOTAL CREDITS AUTHORIZED	CREDITS EARNED, PREVIOUS YEARS	CREDITS EARNED, 2009 ¹	TOTAL CREDITS EARNED SINCE AUTHORIZATION
Payroll	\$	\$	\$	\$
Research & Development	\$	\$	\$	\$
Workforce Development	\$	\$	\$	\$
Export	\$	\$	\$	\$
Capital Investment	\$	\$	\$	\$
High Tech Growth	\$	\$	\$	\$

2. **Sales and Use Incentives Utilized:** Provide the following information on Sales and Use Tax Exemptions authorized and utilized. Only include exemptions that are administered by VEPC and that were part of your incentive authorization. The amount utilized is calculated as follows: Amount Utilized = Dollar amount expended on eligible category x appropriate tax rate for that category. For example: \$300,000 in eligible building materials x 6% = \$18,000.

SALES & USE TAX EXEMPTION CATEGORY	AMOUNT UTILIZED, 2009
Building Materials	\$
Computers & Related Software	\$

2. **Total Sales:** Provide TOTAL SALES for Vermont division of enterprise for each year:

2008	2009
\$	\$

¹ Credits earned should match Vermont tax schedules, line 10 of schedule 5930C for Payroll, line 8 of schedule 5930D for Research and Development, line 10 of schedule 5930E for Workforce Development, line 20 of schedule 5930F for Export, line 11 of schedule 5930G for Capital Investment, line 5 of schedule 5930K for High Technology Growth, line 8 of schedule 5930W for Sustainable Technology Research and Development, and line 20 of schedule 5930X for Sustainable Technology Export. Credits earned are not the same as credits applied, which is the amount the company actually applied against tax liability.

- 4. Employees and Average Wages:** In row a., as of December 31 of the previous year and the current year, provide the total number of employees employed in Vermont by the Vermont operation of the company that is the subject of this report, the annual average wage of those employees, and number of those employees that are Vermont residents. In rows b, c and d provide a breakdown of row a, showing the number, average wage and number of employees in Vermont that are (b) full-time employees; (c) part-time employees; and (d) employees that also have a 10% or more ownership interest in the company. (The 10% ownership interest includes attribution of ownership interests of the employee's spouse, parents, spouse's parents, siblings, and children). In row e, provide the subset of row b that are new positions. **This should only include new jobs that are created, not positions that are vacated and refilled.** In row f, provide the same information broken down by job category. Average Wage is the AVERAGE ANNUAL WAGE. This section must be completed even if you were not authorized for the Payroll Tax Credit.

	AS OF DEC 31, 2008			AS OF DEC 31, 2009		
	NUMBER	AVG WAGE	NUMBER OF VERMONT RESIDENTS	NUMBER	AVG WAGE	NUMBER OF VERMONT RESIDENTS
a. ALL EMPLOYEES IN VERMONT	#	\$	#	#	\$	#
b. FULL-TIME EMPLOYEES IN VERMONT	#	\$	#	#	\$	#
c. PART-TIME EMPLOYEES IN VERMONT	#	\$	#	#	\$	#
d. EMPLOYEES WITH 10% OR MORE OWNERSHIP INTEREST	#	\$	#	#	\$	#
e. NEW FULL-TIME POSITIONS CREATED THIS YEAR				#	\$	#
f. NEW FULL-TIME POSITIONS BY CATEGORY						
Managerial				#	\$	#
Administrative				#	\$	#
Professional & Technical				#	\$	#
Sales & Marketing				#	\$	#
Service				#	\$	#
Production, Construction, Operations				#	\$	#
Support				#	\$	#
Maintenance				#	\$	#
Shipping & Distribution				#	\$	#
Other:				#	\$	#

5. **Average full-time employment by quarter:** Provide the average full-time employment for each year by quarter. Use numbers equivalent to those included in Part 4b above. Do not include owners or part-time employees. For each quarter, use an average of your daily, weekly, or monthly full-time employee count, depending on how you track your employment and indicate which you used. For the annual average, add the four quarters and divide by four.

	2008					2009				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Average full-time employment										

Quarterly Full-time Employment calculated using which census: Daily_____ Weekly_____ Monthly_____

6. **Payroll Expenditures:** Provide total payroll expenditures for Vermont full-time employees of the entity that is the subject of this report as December 31. Payroll is defined as salaries and wages paid to full-time, Vermont-based employees that do not have a 10% or more ownership interest in the company. Exclude salaries and wages paid to part-time employees or employees with a 10% or more ownership interest in the company.

	2008	2009
Total expenditure for Vermont payroll for full-time employees	\$	\$

7. **Employee benefits:** Of the NEW employees listed above in question number 4e, list the number that are ELIGIBLE to receive the applicable benefits listed in the table below, AFTER any applicable waiting or probationary period. If your enterprise does not offer any particular benefit, please leave that row blank.

EMPLOYEE BENEFIT	NUMBER OF NEW EMPLOYEES ELIGIBLE	WHERE APPLICABLE, PERCENTAGE OF BENEFIT COVERED BY EMPLOYER
Medical Insurance		%
Dental Insurance		%
ST/LT Disability, Sickness or Accident Insurance		%
401 (k) or other plan Specify: _____		%
Profit-sharing		%
Performance Bonus		%
Holidays		%
Paid Vacation		%
Sick Leave		%
Other, please specify:		%

8. **Provide employee benefits as a percentage of payroll** (Total expenditures on employee benefits / Total payroll) x 100): _____%
(Note: Provide this percentage even if you did not have any new positions this year)

9. **Investments** : Provide the following information concerning investments made as they relate to AUTHORIZED tax incentives ONLY. Only investments that are defined as eligible under the Economic Advancement Tax Incentive Program should be included. Only investments made AFTER the date of approval (See certificates of Eligibility) should be included on this report and on the 5930 tax schedules.

TAX INCENTIVE CATEGORY	2009 INVESTMENTS²
Research and Development:	\$
Workforce Development:	
Educational Assistance	\$
Job Training	\$
Capital Investments:	
Machinery and Equipment	\$
Plant and facilities	\$
Land	\$
High Technology Growth:	
Machinery & Equipment	\$
Technology Infrastructure	\$
Workforce Development	\$

² Investment figures should match Vermont tax schedules: Line 4 of schedule 5930D for Research and Development, line 5 of schedule 5930E for Workforce Development, line 4 a,b, and c of schedule 5930G for capital investments.

SECTION III. NARRATIVE RESPONSES

This section is to provide narrative information on the enterprise's economic activity that relates to the incentives authorized. **Please attach responses to the following on separate paper.**

1. If applicable to your enterprise, please provide the names and tax identification numbers of partners, LLC members or S-Corporation shareholders of the enterprise.
2. Please provide a brief description of the enterprise's primary business activity.
3. Please provide an explicit, detailed narrative description of the economic activity undertaken as a result of the VEPC authorized tax incentives. The activity should be directly related to the incentives authorized and claimed. The description should include the location of the activity, a brief description of the nature and extent of the activity and an indication of what activity took place in what year. If a facility is involved, please describe either the renovations or the new building and the use of the building. *Example: 2004: 40K sq. ft building erected in Industrial Park A in Town B, along with all necessary infrastructure components: water, electricity and sewer. Added XX new manufacturing positions and invested \$XXX,XXX in new manufacturing machinery and equipment. 2005: Completed 20K sq. ft. addition to current facility in Town B and added XX manufacturing jobs and X administrative jobs. Also invested \$XX,XXX in machinery and equipment for administrative support. Completed installation of all new machinery & equipment and hired X people to bring manufacturing capacity up to X level.*
4. Please describe how the company met the performance expectations included in the authorization of these incentives.
5. Are NEW employees (those employees added as a result of the tax incentives being awarded) eligible for the same benefits packages that all current employees are eligible for? (AFTER any applicable probationary and/or waiting period) ☐ Yes ☐ No If NO, please explain. *Example: Only management is eligible for health insurance.*
6. Since being authorized for tax credits under the EATI program, has the company experienced any major corporate change such as a corporate name change, an asset or stock sale, created subsidiaries, been acquired, or acquired another company? If so, please explain the change.

SECTION IV. GUIDELINE NARRATIVE RESPONSES

GUIDELINE RESPONSES: While the guideline narratives provided here may be similar to the guideline narratives contained in your original application, please do not just duplicate them. The responses should reflect your company's performance relative to the guidelines during the period of this report. **Please provide responses on separate paper.**

Guideline 1: *The enterprise should create new full-time jobs to be filled by individuals who are Vermont residents. The new jobs shall not include jobs or employees transferred from an existing business in the state or replacements for vacant or terminated positions in the applicant business. The new jobs include those that exceed the applicant's average annual employment level in Vermont during the two preceding fiscal years. The enterprise should provide opportunities that increase income, reduce unemployment, and reduce facility vacancy rates. Preference should be given to projects that enhance economic activity in areas of the state with the highest levels of unemployment and the lowest levels of economic activity.*

Please respond by describing the nature and extent to which the economic activity undertaken as a result of the approval of tax incentives was consistent with this guideline. Specifically, include such information as:

- a) Was any person hired to fill one of the new jobs created as a result of the tax incentives previously working for the enterprise or a related enterprise? If so, has that person's job been filled?
- b) Did the enterprise at any time during this reporting year decrease the number of employees it employed in Vermont? If so, describe the extent and duration of the decrease.

Guideline 2: *The new jobs should make a net positive contribution to employment in the area, and meet or exceed the prevailing compensation level, including wages and benefits for the particular employment sector. The new jobs should offer opportunities for advancement and professional growth consistent with the employment sector.*

Please respond by describing the nature and extent to which the economic activity undertaken as a result of the approval of tax incentives was consistent with this guideline. Specifically, include such information as:

- a) Describe how the new jobs created as a result of the tax incentives offer opportunities for advancement and professional growth. How do these opportunities, wage levels and benefit levels compare to jobs in the same employment sector?
- b) Was any person hired to fill one of the new jobs created as a result of the tax incentives working in a similar job in Vermont for an unrelated company that either closed or reduced its workforce? If so, provide as many details as possible.
- c) Has your enterprise added any programs that provide opportunities for advancement and professional growth?

Guideline 3: *The enterprise should create positive fiscal impacts on the state, the host municipality and region as projected by the cost-benefit model applied by the Council.*

Please respond by describing the nature and extent to which the economic activity undertaken as a result of the approval of tax incentives was consistent with this guideline. VEPC has performed a cost-benefit analysis as part of your credit authorization to determine the fiscal impact on the state. Please list any other positive fiscal benefits your enterprise provides to the community, region, or state.

Guideline 4: *The enterprise should be welcomed by the host municipality, and should conform to all appropriate town and regional plans and to all permit and approval requirements.*

Please respond by describing the nature and extent to which the economic activity undertaken as a result of the approval of tax incentives was consistent with this guideline. Specifically, include such information as:

- a) Does the enterprise conform to all appropriate town and regional plans and to all permit and approval requirements?
- b) If any approvals are pending, or if any authority is alleging noncompliance, please provide details.

Guideline 5: *The enterprise should protect or improve Vermont's natural, historical, and cultural resources, and enhance Vermont's historic settlement patterns.*

Please respond by describing the nature and extent to which the economic activity undertaken as a result of the approval of tax incentives was consistent with this guideline. Specifically, include such information as:

- a) Has the economic activity been located on land that was previously unimproved?
- b) Describe how the economic activity has affected Vermont's natural, historical and cultural resources.
- c) Describe how the economic activity has affected Vermont's historic settlement patterns.
- d) Of the people hired to fill the new jobs created as a result of the tax incentives, how many have relocated to your area?

Guideline 6: *It is desirable for the enterprise to make use of Vermont's resources.*

Please respond by describing the nature and extent to which the economic activity undertaken as a result of the approval of tax incentives was consistent with this guideline. Specifically, include such information as:

- a) If the economic activity uses raw materials from Vermont (wood, water, agricultural products, etc.) describe the type and amount of the usage.
- b) Describe any other Vermont resources besides raw materials used in the economic activity.
- c) What percentage of the total resources used by the economic activity are Vermont resources?

Guideline 7: *It is desirable for the enterprise to strengthen the quality of life in the host municipality and to foster cooperation within the region.*

Please respond by describing the nature and extent to which the economic activity undertaken as a result of the approval of tax incentives was consistent with this guideline. Specifically, include such information as:

- a) Describe how the economic activity has strengthened the quality of life in the community and/or fostered cooperation within the region.
- b) Describe any community involvement by the enterprise or its employees, especially those that involve company time and the enterprise policies that allow community involvement.
- c) Describe the enterprise impact on the environment.

Guideline 8: *It is desirable for the enterprise to use existing infrastructure or to locate in an existing downtown redevelopment project.*

Please respond by describing the nature and extent to which the economic activity undertaken as a result of the approval of tax incentives was consistent with this guideline. Specifically, include such information as:

- a) Did the economic activity use existing infrastructure (roads, sewer/water, telecommunications)? If not, describe the type of infrastructure put in place.
- b) If new infrastructure was required, is this infrastructure public or private?
- c) Did the economic activity locate in a downtown development project? If not, describe where it took place (existing industrial or commercial park; new industrial or commercial park; new development outside downtown, etc).

Guideline 9: *If the enterprise proposes to expand within a limited local market, then the enterprise should not be given an unfair competitive advantage over other Vermont businesses in the same or similar line of business and in the same limited local market as a result of the economic incentive granted.*

Please respond by describing the nature and extent to which the economic activity undertaken as a result of the approval of tax incentives was consistent with this guideline. Specifically, include such information as:

- a) Do other Vermont businesses make similar products or provide similar services?
- b) If so, is the market local and limited?
- c) Describe how the economic activity resulted in increased income, employment and capacity in Vermont rather than transferred resources or market share from other Vermont businesses (for example, companies with which you have supplier relationships).

CERTIFICATION:

I declare under penalties of perjury this report and all documents attached in support of this report are true, correct and complete to the best of my knowledge.

Signature of Corporate Officer: _____ Title: _____ Date: _____

Printed Name: _____ Phone: _____ Email: _____

Company Name _____

INFORMATION AND MATERIALS SUBMITTED BY A BUSINESS CONCERNING ITS INCOME TAXES AND OTHER CONFIDENTIAL FINANCIAL INFORMATION SHALL NOT BE SUBJECT TO PUBLIC DISCLOSURE UNDER THE STATE'S PUBLIC RECORDS LAW IN TITLE 1, CHAPTER 5, BUT SHALL BE AVAILABLE TO THE JOINT FISCAL OFFICE OR ITS AGENT UPON AUTHORIZATION OF THE JOINT FISCAL COMMITTEE OR A STANDING COMMITTEE OF THE GENERAL ASSEMBLY, AND SHALL ALSO BE AVAILABLE TO THE AUDITOR OF ACCOUNTS IN CONNECTION WITH THE PERFORMANCE OF DUTIES UNDER SECTION 163 OF TITLE 32; PROVIDED, HOWEVER, THAT THE JOINT FISCAL OFFICE OR ITS AGENT, AND THE AUDITOR OF ACCOUNTS, SHALL NOT DISCLOSE, DIRECTLY OR INDIRECTLY, TO ANY PERSON ANY PROPRIETARY BUSINESS INFORMATION OR ANY INFORMATION WHICH WOULD IDENTIFY A BUSINESS EXCEPT IN ACCORDANCE WITH A JUDICIAL ORDER OR AS OTHERWISE SPECIFICALLY PROVIDED BY LAW.

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